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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/812,703	03/19/2001	Terrance Moore	24996	9723

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EXAMINER	
FRENEL, VANEL	
ART UNIT	**PAPER NUMBER**
3626	

DATE MAILED: 03/15/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/812,703	MOORE ET AL.
	Examiner	Art Unit
	Vanel Frenel	3626

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *05 February 2004* .

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-20* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-20* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

11)☐ The proposed drawing correction filed on _____ is: a)☐ approved b)☐ disapproved by the Examiner.

If approved, corrected drawings are required in reply to this Office action.

12)☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

13)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____ .

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

14)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).

a) ☐ The translation of the foreign language provisional application has been received.

15)☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ .
4) ☐ Interview Summary (PTO-413) Paper No(s). _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: .

DETAILED ACTION

Notice to Applicant

1. This communication is in response to the amendment After-Final filed 02/05/04, and entered herein. Claims 1-6, 8-13, 15-16, and 18-19 have been amended. Claims 1-20 are pending.

Applicant's arguments, see Paper No. 16, filed 5 February 2004, with respect to the Final Rejection mailed 9 September 2003 (Paper No.14) have been fully considered and are persuasive. The finality of previous Office Action (Paper No.14) is hereby withdrawn.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

3. Claims 1-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Javors (US 2002/0152097), Kathryn P. Glass (Incentive-Based Physician Compensation Models, July 1999) in view of Khorasani et al (6,029,138).

(A) As per claim 1, Javors discloses a method of collecting fees for managing and optimizing the profitability of a plurality of physicians in a healthcare practice

participating in an insurance network (See Javors, Abstract, lines 1-16; Page 1, Paragraph 0014-0016), the method comprising the steps of:

funding an incentive pool (See Javors, Pages 10, Paragraphs 0168-0176).

Javors fails to explicitly disclose: paying funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time.

However this feature is well known in the art, as evidenced by Glass. In particular, Glass suggests paying funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time (See Glass, Pages 42-44, Paragraphs 47-52 and table on page 43). The Examiner considers General Surgeons' base salary to be paid annually (read on "preselected period of time"); see paragraph 50 of Glass. In addition, bonuses and incentives are credited to surgeons on an annual basis where there are positive differences, whereas negative differences would result in either a payback or future reduction in the physician's compensation (See Paragraph 47 of Glass). It is respectfully submitted that a positive difference is a form of costs not decreased to a preselected level, and when considered annually, over a preselected period of time.

One of ordinary skill in the art at the time of the invention would have found it an obvious modification to the combined teachings of Javors and Glass with the motivation of aligning incentives with the goals of a healthcare practice and encouraging others to

adopt new behaviors consistent with the group's strategic goals (See Paragraph 46 of Glass).

The combined teachings of Javors and Glass do not explicitly disclose establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to increase the plurality of physicians' profitability by reducing a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network; modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs; and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management.

However, these features are known in the art, as evidenced by Khorasani. In particular, Khorasani suggests establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to increase the plurality of physicians' profitability by reducing a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network (Col.5, lines 34-67 to Col.6, line 26); modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs (See Korasani, Col.5, lines 34-67 to Col.6, line 26); and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management (See Khorasani, Col.5, lines 34-67 to Col.6, line 1-26).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Khorasani within the combined teachings of Javors and Glass with the motivation of providing systems that either seek to change the physician's behavior or interfere with traditional practice routines which are often not adopted readily by physicians (See Khorasani, Col.1, lines 36-40).

(B) As per claim 2, Javors discloses the method wherein the step of distributing the predetermined percentages of the savings includes dividing the savings into selected percentages between at least two of the healthcare consultation group, the healthcare practice, and the insurance network and distributing the savings to the at least two of the healthcare consultation group, the healthcare practice and the insurance network base on the selected percentages (Page 6, Paragraph 0087-0101).

(C) As per claim 3, Javors discloses the method further comprising collecting the step of collecting no fee by the healthcare consultation group if the healthcare practice does not reduce the ancillary medical costs to the preselected level over the predetermined period of time (Page 2, Paragraph 0031-0034).

(D) As per claim 4, Javors discloses the method wherein each of the respective predetermined percentages of savings distributed to the healthcare consultation group and the healthcare practice are greater than the predetermined percentage of the savings distributed to the insurance network (Page 3, Paragraph 0050-0055), and

wherein the step of funding the incentive pool includes the healthcare consultation group funding the incentive pool (Page 4, Paragraphs 0056-0064).

(E) As per claim 5, Javors discloses the method further comprising the step of providing a billing fee structure from the healthcare consultation group wherein the savings are calculated by subtracting current ancillary medical costs from predetermined baseline ancillary medical costs (Page 5, Paragraph 0072-0076).

(F) As per claim 6, Javors discloses the method further comprising the step of calculating the billing fee structure for the healthcare consultation group by multiplying a predetermined percentage of the savings by the number of patients participating in the healthcare practice (Page 6, Paragraph 0084-0086; Page 7, Paragraph 0098-0101).

(G) As per claim 7, Javors discloses the method wherein the ancillary medical costs include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, or emergency room costs (Page10, Paragraph 0174-0186).

(H) As per claim 8, Javors discloses a method of collecting fees for managing a plurality of physicians in a healthcare practice participating in an insurance network (Abstract, lines 1-16; Page 1, Paragraph 0014-0016), the method comprising the steps of: funding an incentive pool (See Javors, Page 10, Paragraph 0168-0176);

Javors fails to explicitly disclose establishing a plan to pay funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time.

However, this feature is well known in the art, as evidenced by Glass. In particular, Glass discloses establishing a plan to pay funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time (See Glass, Pages 42-44, Paragraphs 47-52 and table on page 43). The Examiner considers General Surgeons' base salary to be paid annually (read on "preselected period of time"); see paragraph 50 of Glass. In addition, bonuses and incentives are credited to surgeons on an annual basis where there are positive differences, whereas negative differences would result in either a payback or future reduction in the physician's compensation (See Paragraph 47 of Glass). It is respectfully submitted that a positive difference is a form of costs not decreased to a preselected level, and when considered annually, over a preselected period of time.

The motivation for combining Javors and Glass is as given above in the rejection of claim 1, and incorporated herein.

The combined teachings of Javors and Glass do not explicitly disclose establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to reduce a risk of the healthcare practice

not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network; modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs; and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management if the ancillary medical costs decrease to the preselected level over the preselected period of time.

However, these features are known in the art, as evidenced by Khorasani. In particular, Khorasani suggests establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to reduce a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network (See Khorasani, Col.5, lines 34-67 to Col.6, line 26); modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs (See Korasani, Col.5, lines 34-67 to Col.6, line 26); and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management if the ancillary medical costs decrease to the preselected level over the preselected period of time (See Korasani, Col.5, lines 34-67 to Col.6, line 26).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Khorasani within the combined teachings of Javors and Glass with the motivation of providing systems that either seek to change

the physician's behavior or interfere with traditional practice routines which are often not adopted readily by physicians (See Khorasani, Col.1, lines 36-40).

(I) As per claim 9, Javors discloses the method wherein the step of funding the incentive pool includes the healthcare consultation group funding the incentive pool, wherein the modifying behavior of the plurality of physicians is responsive to recommendations of the healthcare consultation group, and the method further comprising the step of paying funds from the funded incentive pool only if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time responsive to the modifying behavior (Page 2, Paragraph 0031-0034).

(J) As per claim 10, Javors discloses the method wherein the step of distributing the predetermined percentages of the savings includes dividing the savings into selected percentages between at least two of the healthcare consultation group, the healthcare practice, and the insurance network base on the selected percentages (Page 6, Paragraph 0087-0101).

(K) As per claim 11, Javors discloses the method further comprising the steps of collecting no fee by the healthcare consultation group if the healthcare practice does not reduce the ancillary medical costs to the preselected level over the predetermined period of time and providing a billing fee structure from the healthcare consultation

group wherein the savings are calculated by subtracting current ancillary costs from predetermined baseline ancillary medical costs (Page 2, Paragraph 0031-0034).

(L) As per claim 12, Javors discloses the method wherein each of the respective predetermined percentages of savings distributed to the healthcare consultation group and the healthcare practice are greater than the predetermined percentage of the savings distributed to the insurance network, and wherein the ancillary medical costs include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, or emergency room costs (Page 3, Paragraph 0050-0055).

(M) As per claim 13, Javors discloses a method of collecting fees for managing and optimizing the profitability of an insurance network having a plurality of physicians in a healthcare practice participating therein (See Javors, Abstract, lines 1-16; Page 1, Paragraph 0014-0016), the method comprising the steps of:

Javors fails to explicitly disclose distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management to at least one of the insurance network and the healthcare management consultation group if the ancillary medical costs decrease to a preselected level over a preselected period of time behavior.

However this feature is well known in the art, as evidenced by Glass. In particular, Glass discloses distributing predetermined percentages of savings attributed

to the modifying behavior of the plurality of physicians' ancillary medical cost management to at least one of the insurance network and the healthcare management consultation group if the ancillary medical costs decrease to a preselected level over a preselected period of time behavior (See Glass, Pages 42-44, Paragraphs 47-52 and table on page 43). The Examiner considers General Surgeons' base salary to be paid annually (read on "preselected period of time"); see paragraph 50 of Glass. In addition, bonuses and incentives are credited to surgeons on an annual basis where there are positive differences, whereas negative differences would result in either a payback or future reduction in the physician's compensation (See Paragraph 47 of Glass). It is respectfully submitted that a positive difference is a form of costs not decreased to a preselected level, and when considered annually, over a preselected period of time.

The motivation for combining Javors and Glass is as given above in the rejection of claim 1, and incorporated herein.

The combined teachings of Javors and Glass do not explicitly disclose establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to reduce a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network; and modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs.

However, this feature is known in the art, as evidenced by Khorasani. In particular, Khorasani suggests establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to

reduce a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network (See Khorasani, Col.5, lines 34-67 to Col.6, line 26); and modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs. (See Khorasani, Col.5, lines 34-67 to Col.6, line 26).

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the feature of Khorasani within the combined teachings of Javors and Glass with the motivation of providing systems that either seek to change the physician's behavior or interfere with traditional practice routines which are often not adopted readily by physicians (See Khorasani, Col.1, lines 36-40).

(N) As per claim 14, Javors discloses the method further comprising funding an incentive pool to be paid to the insurance network if the modified medical management practices do not decrease ancillary medical costs of the insurance network to a preselected level over a preselected period of time (The Examiner understands managed care companies had a strong focus on reducing the cost of medical care, mainly through restrictive measures. Employers were willing to accept these restrictions in return for reduced annual premiums as a form of do not decrease ancillary medical costs to the preselected level over the preselected period of time (See Javors, Page1, Paragraphs 0014-0016).

(O) As per claim 15, Javors discloses the method wherein the step of distributing the predetermined percentages of the savings includes dividing the savings into selected percentages between at least two of the healthcare management consultation group, the healthcare practice, and the insurance network and distributing the savings to the at least two of the healthcare consultation group, the healthcare practice and the insurance network base on the selected percentages (Page 6, Paragraph 0087-0101).

(P) As per claim 16, Javors discloses the method further comprising the steps of collecting no fee by the healthcare consultation group if the insurance network does not decrease ancillary medical costs to the preselected level over the preselected period of time (The Examiner understands managed care companies had a strong focus on reducing the cost of medical care, mainly through restrictive measures. Employers were willing to accept these restrictions in return for reduced annual premiums as a form of does not decrease ancillary medical costs to the preselected level over the preselected period of time (See Javors, Page1, Paragraphs 0014-0016).

(Q) As per claim 17, Javors discloses the method wherein each of the respective predetermined percentages of savings distributed to the healthcare consultation group and the insurance network are greater than the predetermined percentage of the savings distributed to the healthcare practice (Page 6, Paragraph 0084-0086; Page 7, Paragraph 0098-0101).

(R) As per claim 18, Javors discloses the method further comprising the step of providing a billing fee structure from the healthcare consultation group wherein the savings are calculated by subtracting current ancillary medical costs from predetermined ancillary medical costs (Page 5, Paragraphs 0072-0176; Page 10, Paragraph 0174-0176).

(S) As per claim 19, Javors discloses the method further comprising the step of calculating the billing fee structure for the healthcare consultation group by multiplying a predetermined percentage of the savings by the number of patients participating in the healthcare practice (Page 7, Paragraph 0110-0115).

(T) As per claim 20, Javors discloses the method wherein the ancillary medical costs include any costs taken from the group of pharmacy, radiology, laboratory, anesthesiology, occupational therapy, physical therapy, speech therapy, therapeutic radiology, operating room, or emergency room costs (Page 10, Paragraph 0174-0188).

Response to Arguments

4. Applicant's arguments filed on 02/05/04 with respect to claims 1-20 have been fully considered but they are not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they appear in the response filed 02/05/04.

(A) At pages 7-10 of the 02/05/04 response, Applicant argues that the features in the 02/05/04 amendment are not taught or suggested by the applied references.

In response, all of the limitations which Applicant disputes as missing in the applied references, including the features newly added in the 02/05/04 amendment, have been fully addressed by the Examiner as either being fully disclosed or obvious in view of the collective teachings of Javors, Glass and/or Khorasani based on the logic and sound scientific reasoning of one ordinarily skilled in the art at the time of the invention, as detailed in the remarks and explanations given in the preceding sections of the present Office Action and in the prior Office Action (paper number 14), and incorporated herein. One cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller,* 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.,* 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

In addition, the test for obviousness is not whether the features of a secondary reference may be bodily incorporated into the structure of the primary reference; nor is it that the claimed invention must be expressly suggested in any one or all of the references. Rather, the test is what the combined teachings of the references would have suggested to those of ordinary skill in the art. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981).

Conclusion

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The cited but not applied teaches system and method for supporting delivery of health care (6,012,035) system for monitoring and managing the

health care of a patient population (6,385,589), system for and method of collecting and populating a database with physician/patient data for processing to improve practice quality and healthcare delivery (6,151, 581), system and method for replacing a liability with insurance and for analyzing data and generating documents pertaining to a premium financing mechanism paying for such insurance (6,026, 364), method for mediating social and behavioral processes in medicine and business an interactive telecommunications guidance system (5,722,418), method and apparatus for integrated management of pharmaceutical and healthcare services (6,112,182) and Influencing Physician Prescribing (October 1999).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Vanel Frenel whose telephone number is 703-305-4952. The examiner can normally be reached on 6:30am-5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on 703-305-9588. The fax phone numbers for the organization where this application or proceeding is assigned are 703-305-7687 for regular communications and 703-305-7687 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

V.F

V.F.

February 27, 2004

JOSEPH THOMAS
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